

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 007733

SIPDIS

KABUL FOR JIM ALVERSON (SECDEF DELEGATION)

E.O. 12958: DECL: 12/06/2014

TAGS: [PREL](#) [ENRG](#) [KNNP](#) [MASS](#) [IN](#)

SUBJECT: PUTIN VISIT: FROM RUSSIA WITH TOUGH LOVE

REF: A. NEW DELHI 7675

[B](#). NEW DELHI 6707

[C](#). NEW DELHI 5978

Classified By: PolCouns Geoff Pyatt. Reasons 1.4 (B,D).

[1](#)1. (C) Summary: Russian President Vladimir Putin's December 3-5 visit to India did little to broaden their ties beyond defense, despite efforts by both sides to infuse the relationship with new momentum. Both leaders pressed their issues with Russia extracting a promise from India to sign a defense secrecy agreement within five months, and India securing Russia's support for a UNSC seat with full veto powers. Moscow, however, pushed harder and announced it would not supply another consignment of nuclear fuel for India's Tarapur reactor. Significantly, Putin spent half his India tour in Bangalore with a view to securing a Russian piece of India's booming IT sector. The growing US-India partnership showed itself to be a factor in the India-Russia calculus during this visit, and may have inspired Russia's nuclear cold shoulder. End Summary.

[1](#)2. (C) Preceding Putin's arrival, Russian Foreign Minister Sergei Lavrov and Defense Minister Sergei Ivanov visited New Delhi to preview the visit, leading to speculation that Putin and PM Manmohan Singh would sign a number of far-reaching agreements. In the end, deliverables from this annual summit were rather modest. With discussions that ranged from arms to pharmaceuticals to visas, the leaders produced a four-page Joint Declaration and 10 to 14 MOUs (the exact number is unclear). New Delhi-based Russia-watchers waxed eloquent on the depth and historical strength of India-Russia bonds "even" in light of improving relations with the US, but the general tone of the visit was unusually scratchy.

Shoring up the Foundation: Defense

[1](#)3. (U) As expected, defense issues dominated the talks with official statements and media reports highlighting GOI concern about reliability of arms sales and support, a strong desire by both sides to pursue defense co-production, Russian concern about leakage of sensitive technology from India, and the increasing role of India's growing energy needs in shaping its foreign policy. Some observers noted Russian eagerness to conclude long-pending agreements in order to frustrate the US from getting a piece of the large Indian arms market.

Arms: Upgrades, Supply Guarantees, and Joint Ventures

[1](#)4. (U) Just before Putin's arrival, Defense Ministers from the two countries signed a "Protocol of the Inter-Governmental Commission for Russian-Indian Military-Technical Cooperation" to expand bilateral military cooperation, specifically in upgrading weapons systems and various joint production and training initiatives. India is pursuing upgrades of weapons systems and technology as well as guaranteed delivery schedules for contracted weapons systems, uninterrupted supply of spare parts, life-cycle support, and joint production and training ventures. According to media reports, the Ministers agreed to upgrade equipment including T-72 tanks, but negotiations are still underway on upgrading the maritime TU-142 reconnaissance aircraft and MiG 29K for the aircraft carrier Admiral Gorshkov. They also agreed to establish service centers to repair Russian-made combat hardware.

[1](#)5. (C) Significantly, Russia offered to make India a partner in producing its new fifth generation multi-role fighter and has offered India a role in developing a multi-functional transport aircraft. (The US is a potential competitor in both of these categories.) Russia also reportedly committed to increasing its 50 percent investment in production of the supersonic Brahmos cruise missile to 60 percent, with an optimistic proposal to build 360 per year for sale to third countries. Finally, both sides agreed to hold military joint exercises in India in 2005, following in the wake of an increasingly sophisticated US-India exercise program.

IPR: Co-Production Carrots and Weapons Stoppage Sticks

16. (C) Intensified Russia-India defense cooperation remains contingent upon the GOI signing a Defense Technology Secrecy Agreement (DTSA) (pending for more than two years), under which India would agree not to transfer products and technology to third parties. Dangling the carrot of co-production, Russian Defense Minister Ivanov said, "An early conclusion of an agreement on intellectual property rights would lay the foundation for development of many more hi-tech weapons systems jointly by the two countries." However, before coming to India, Ivanov hinted that defense ties could come to a halt if India sought to mix Russian technology with proposed purchases from the US (especially Patriot), according to Russian press reports quoted in the Indian media. Observer Research Foundation Senior Fellow Nandan Unnikrishnan told Poloff he thought the revived interest in securing a DTSA originated with new Russian Ambassador Vyacheslav Trubnikov, who is "a man of the Kremlin," rather than a diplomat. (He added that the Ambassador has "cut the MFA out," noting that the senior Russian diplomat responsible for India was not part of the Putin delegation.)

17. (C) Indian MOD officials say the GOI agreed to protect Russian technology, but also wanted Moscow to sign an MOU to provide bank guarantees to ensure future supplies of spares. India has been reluctant to sign a DTSA because it is seeking a more equitable partnership in joint research and production of military hardware, rather than simply importing Russian arms. At the conclusion of the visit, Indian Defense Minister Mukherjee said that a non-retroactive DTSA should be signed "in the next five months." A senior MEA official told the UK High Commission that India sees this as an Indian concession, but one without substantial costs. Significantly, the MEA also signaled a general sense of dissatisfaction with recent Russian performance as an arms supplier.

UNSC Veto Flap Blamed on Translators

18. (C) President Putin defused a flap over a remark he made during a press conference on December 3 in which he was quoted as saying that an increase in the number of veto-holding UNSC members would be "absolutely unacceptable," and would erode the effectiveness of the institution (Ref A). After the ensuing media uproar, Putin clarified his statement in a December 4 meeting with Indian Vice President Shekhawat, attributing the misunderstanding to a translation error. Later on December 4, the MEA released a statement that Putin had unambiguously offered Russia's support for India's bid for a permanent UNSC seat, with "the right of veto." Most of our interlocutors saw this as a Russian flip-flop in the face of the strong GOI reaction.

Energy: Strike out on Nuclear, Green Light on Oil and Gas

19. (C) Russia is currently helping India build two 1,000 MW nuclear reactors at Kudankulam in Tamil Nadu, but during the visit, the director of Russia's Federal Atomic Energy Agency gave an interview indicating Moscow would not go against NSG rules by providing several additional reactors. This echoes the message that FM Lavrov reportedly delivered during a pre-Putin visit (Ref B). However, it contradicts widespread expectations in the Indian nuclear establishment and media that Moscow was prepared to provide additional reactors for Kudankulam. The same interview also indicated that Moscow had decided to turn down the Indian request for another batch of fuel for the US-built Tarapur reactors. Mission will follow-up on these reports, which suggest that Russia may have changed its mind on lobbying India to buy more VVER-1000 reactors. The ORF's Unnikrishnan suggested to us that Moscow's nuclear cold shoulder may have been a pressure tactic, and may not be the end of the story. He speculated that the Russians wanted to send a message that if India wants the US to be the "pole" of its foreign relations, there will be consequences.

10. (C) The two countries did, however, agree to improve cooperation in non-nuclear energy, calling for joint "development of new oil and gas fields and the means of their transportation in Russia, India, and other countries." This agreement also reportedly includes welcoming Indian bids for Russian oil giant Yukos. In one deal, India's state-owned Oil and Natural Gas Corporation and the Russian Gazprom will work together in the Bay of Bengal. Putin's visit also produced speculation that India will add to its 20 percent stake in Russia's Sakhalin One oil field with an investment in Sakhalin Three. In the context of India's expanding energy needs, the GOI was reportedly surprised at the Russians' private declaration that they control all the gas coming out of Turkmenistan.

Eyeing a Piece of the IT Pie

11. (C) Putin spent more than half of his India tour in Bangalore in an effort to open more economic fronts in the India-Russia relationship. Prior to and throughout the Putin visit, Russian officials cited the woefully low level of bilateral trade (Ref B). Traveling with a delegation of Russian businesspeople, Putin visited software giant Infosys with an eye to gaining from the booming Indian IT sector. However, after the stop, an Infosys official remarked that his company "has no plans to expand our operations to Russia," underlining Bangalore's remarkably tight economic connection to the US, which leaves little space for late-coming Russian firms. Although Putin also visited Bangalore's Hindustan Aeronautics, the dominant impression one gets from the city is the who's who of American IT firms that now operate from there.

Blast From the Past

12. (U) Delivering the 2004 Jawarhalal Nehru Memorial Lecture in New Delhi, Putin cited untapped potential of the Non-Aligned Movement and decried "unilateral action in international affairs." In a speech notable for its wooden, Soviet-style language, Putin commented that "it is extremely dangerous to attempt to rebuild modern civilization...according to the barracks principles of a unipolar world." He condemned "dictatorship packaged in a pretty wrapping of pseudo-democratic phraseology," as exacerbating regional conflicts, and added that terrorism, with respect to which there are "double-standards...cannot and must not be used in some geo-political games." The audience welcomed and saw Putin off with a standing ovation, but D/PolCouns noted that listeners applauded only after Putin's reiteration of support for India's UNSC membership.

Beyond India-Russia

13. (C) In addition to public gripes about the US, in his private meetings, Putin expressed his irritation with Western involvement in the Ukraine crisis, according to the MEA readout provided to the UK High Commission (strictly protect). The British added that Putin and the Indians commiserated over inconsistent handling of proliferation issues, particularly AQ Khan and Iran, and concluded that India and Russia have a basically similar approach towards Tehran, although neither wants to see Iranian nuclear weaponization. On Iraq, Putin privately expressed his concerns about security there and the danger of the country splitting along religious and clan-based lines.

Comment

14. (C) Although Putin's visit saw many of the old India-Russia friendship themes, the two had little success in their attempt to move beyond defense cooperation. Although we have still to get a complete GOI readout on this visit, we are struck by the generally scratchy atmospherics. As MEA Joint Secretary (Americas) S. Jaishankar put it to PolCouns, "we have dealt with the Russians a long time," and know how to handle their pressure (a reference to Ivanov's heavy-handed message that Russia might consider an arms sales relationship with Pakistan). In courting an IT connection with Bangalore, Russia will have to get in line behind the US, Europe and Japan, who are all more established and more attractive technology partners. On first examination, this visit reconfirmed the impression that India and Russia still have not figured out how to adjust their partnership to the realities and changing relationships around them. Emerging tension in the India-Russia relationship is a trend we may see more of as the New Delhi-Moscow power equation continues to shift gradually in India's direction, and the GOI seeks further to shed the dependency that has characterized their relationship for much of India's history.

MULFORD